House Study Bill 653

Passed House, Date _____   Passed Senate, Date _____
Vote: Ayes _____ Nays _____   Vote: Ayes _____ Nays _____
                   Approved _____

A BILL FOR

1 An Act relating to a deduction for capital gains in computing
2   individual income tax and including an effective and
3   retroactive applicability date provision.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 5605YC 81
6 mg/cf/24

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1 1   Section 1. Section 422.7, Code Supplement 2005, is amended
1 2 by adding the following new subsection:
1 3   NEW SUBSECTION. 21A. Subtract, to the extent not
1 4 otherwise excluded in determining federal adjusted gross
1 5 income or deducted under subsection 21, fifty percent of the
1 6 taxpayer's net capital gain as defined in section 1222 of the
1 7 Internal Revenue Code.
1 8   Sec. 2. EFFECTIVE AND RETROACTIVE APPLICABILITY DATE.
1 9 This Act, being deemed of immediate importance, takes effect
1 10 upon enactment and applies retroactively to January 1, 2006,
1 11 for tax years beginning on or after that date.
1 12   EXPLANATION
1 13   This bill provides for a 50 percent deduction of an
1 14 individual's net capital gain under the individual income tax.
1 15 An individual's net capital gain equals the excess of the
1 16 gains from the sales or exchanges of long=term capital assets
1 17 over the losses from such sales or exchanges minus the excess
1 18 of losses from the sales or exchanges of short=term capital
1 19 assets over the gains from such sales or exchanges.
1 20   The bill takes effect upon enactment and applies
1 21 retroactively to January 1, 2006, for tax years beginning on
1 22 or after that date.
1 23 LSB 5605YC 81
1 24 mg:rj/cf/24